

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Township of Williamstown	County* INGHAM	Type* TOWNSHIP	MuniCode* 33-1-160
Opinion Date-Use Calendar* Aug 15, 2008	Audit Submitted-Use Calendar* Sep 26, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ? \$ 682,068.00
General Fund Expenditure:	<input type="checkbox"/> ? \$ 654,368.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> ? \$ 1,216,023.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ?

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Vickie	Last Name* Crouch	Ten Digit License Number* 1101013436		
CPA Street Address* 1000 Coolidge Road	City* East Lansing	State* MI	Zip Code* 48823	Telephone* +1 (517) 332-1900
CPA Firm Name* Layton and Richardson, P.C.	Unit's Street Address* 4990 N. Zimmer Road	Unit's City* Williamston	Unit's Zip* 48895	

**Township of Williamstown
Ingham County, Michigan**

FINANCIAL STATEMENTS

March 31, 2008

Township of Williamstown

Ingham County, Michigan

March 31, 2008

BOARD OF TRUSTEES

Mickey Martin	Supervisor
Howard Dahlstrom	Clerk
Janet Eyster	Treasurer
Martin Wright	Trustee
Frans Wilbrink	Trustee
Rick Williams	Trustee
Robert Hayes	Trustee

Township of Williamstown

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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Township Board
Township of Williamstown
Williamston, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Williamstown as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Township of Williamstown. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Williamstown as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statement but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Williamstown's financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
August 15, 2008

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Township of Williamstown
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2008

New Financial Reporting

The discussion and analysis of the Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2008:

- State shared revenue, our largest revenue source in the General Fund, was increased by the State of Michigan by approximately \$1,043 this year.
- Tax revenues from the current Township levy increased by \$8,290.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township of Williamstown as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of the Township of Williamstown in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township of Williamstown acts solely as a trustee or agent for the benefit of those outside the government.

The Township as a Whole

The following table shows, in a condensed format, the net assets as of March 31, 2008 and March 31, 2007.

	<u>2008</u>	<u>2007</u>
Assets		
Current assets	\$ 1,400,834	\$ 1,421,866
Capital assets, net	<u>950,637</u>	<u>963,529</u>
Total assets	2,351,471	2,385,395

Township of Williamstown
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2008

The Township as a Whole - continued

	<u>2008</u>	<u>2007</u>
Liabilities		
Current liabilities	\$ 39,786	\$ 42,031
Net Assets		
Invested in capital assets,	950,637	963,529
Unrestricted	<u>1,361,048</u>	<u>1,379,835</u>
Total net assets	<u>\$ 2,311,685</u>	<u>\$ 2,343,364</u>

The Township's total net assets were \$2,311,685 at March 31, 2008. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) were \$1,361,048 at the end of the fiscal year. The net assets invested in capital assets were at \$950,637.

The following table shows the changes in net assets during the current year.

	<u>2008</u>	<u>2007</u>
Revenue		
Program revenue:		
Charges for services	\$ 106,860	\$ 91,918
Operating grants and contributions	18,213	16,654
General revenues:		
Property taxes	200,518	192,852
State shared revenue	330,873	329,830
Investment earnings	63,530	62,640
Other revenue	<u>9,951</u>	<u>8,292</u>
Total revenue	729,945	702,186
Program Expenses		
General government	524,251	452,582
Public safety	17,067	26,523
Public works	79,363	93,727
Community and economic development	68,624	66,523
Recreation and cultural	<u>59,747</u>	<u>53,722</u>
Total program expenses	<u>749,052</u>	<u>693,077</u>
Change in Net Assets	<u>\$(19,107)</u>	<u>\$ 9,109</u>

Township of Williamstown

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2008

Governmental Activities

The Township's governmental revenues totaled \$729,945 with the greatest revenue source being state shared revenue. State shared revenue makes up approximately 45.3 percent of total governmental revenue and property taxes make up approximately 27.5 percent of total governmental revenue.

The Township incurred expenses of \$749,052 during the year. General government makes up 70.0 percent of total governmental expenditures. General government includes Township Board, Supervisor, Clerk, Treasurer, Building and grounds, Township office, Cemetery, and various other functions.

The Township's Funds

The analysis of the Township's funds begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township of Williamstown as a whole. The Township of Williamstown's Board of Trustees creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millages. The Township's major funds for the fiscal year ended March 31, 2008 include the General Fund and the Cemetery Special Revenue Fund.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Township Board made necessary budget adjustments to fund unanticipated expenditures during the year. Budget amendments were made to cover the additional expenditures in the Elections, Building and Grounds, Township Office, and Community and Economic Development.

Capital Asset and Debt Administration

At the end of the fiscal year, the Township had \$950,637 invested in a broad range of capital assets, including buildings, land and equipment. The Township has no outstanding debt as of March 31, 2008.

Current Economic Factors

Revenue sharing is expected to decrease due to Michigan's economy. With the installation of a communications tower expenditures will be made but the Township will also receive revenues from the provider. These revenues will be an ongoing increase to the Township's budget. The Township is engaging in an energy audit to maximize energy savings by reducing energy costs to the Township and to become a model for Township residents for alternative energy sources.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk or Treasurer at the Township Hall.

BASIC FINANCIAL STATEMENTS

Township of Williamstown
STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 467,344
Investments	853,508
Receivables	<u>79,982</u>
Total current assets	1,400,834
Noncurrent assets	
Capital assets not being depreciated	403,116
Capital assets, net of accumulated depreciation	<u>547,521</u>
Total noncurrent assets	<u>950,637</u>
TOTAL ASSETS	2,351,471
LIABILITIES	
Current liabilities	
Accounts payable	29,306
Accrued liabilities	<u>10,480</u>
TOTAL LIABILITIES	<u>39,786</u>
NET ASSETS	
Invested in capital assets, net of related debt	950,637
Unrestricted	<u>1,361,048</u>
TOTAL NET ASSETS	<u><u>\$ 2,311,685</u></u>

See accompanying notes to financial statements.

Township of Williamstown
STATEMENT OF ACTIVITIES
Year Ended March 31, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
General government	\$ 524,251	\$ 62,950	\$ 13,603	\$ (447,698)
Public safety	17,067	-	-	(17,067)
Public works	79,363	5,032	4,610	(69,721)
Community and economic development	68,624	38,878	-	(29,746)
Recreation and cultural	59,747	-	-	(59,747)
Total	<u>\$ 749,052</u>	<u>\$ 106,860</u>	<u>\$ 18,213</u>	(623,979)
General revenues				
Property taxes				200,518
State shared revenue				330,873
Investment earnings				63,530
Miscellaneous				<u>9,951</u>
Total general revenues				<u>604,872</u>
Change in net assets				(19,107)
Restated net assets, beginning of the year				<u>2,330,792</u>
Net assets, end of the year				<u>\$ 2,311,685</u>

See accompanying notes to financial statements.

Township of Williamstown
GOVERNMENTAL FUNDS BALANCE SHEET
March 31, 2008

	General	Cemetery	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 464,263	\$ 3,081	\$ 467,344
Investments	736,039	117,469	853,508
Receivables			
Accounts	20,336	-	20,336
Taxes	11,878	-	11,878
Interest	20,484	1,750	22,234
Tap-in fees	25,534	-	25,534
Due from other funds	448	-	448
	<u>1,278,982</u>	<u>122,300</u>	<u>1,401,282</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 27,343	\$ 1,963	\$ 29,306
Accrued liabilities	10,082	398	10,480
Deferred revenue	25,534	-	25,534
Due to other funds	-	448	448
	<u>62,959</u>	<u>2,809</u>	<u>65,768</u>
TOTAL LIABILITIES			
FUND BALANCES			
Unreserved			
Designated for subsequent year's expenditures	173,399	52,182	225,581
Undesignated, reported in			
General fund	1,042,624	-	1,042,624
Special revenue funds	-	67,309	67,309
	<u>1,216,023</u>	<u>119,491</u>	<u>1,335,514</u>
TOTAL FUND BALANCES			
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,278,982</u>	<u>\$ 122,300</u>	<u>\$ 1,401,282</u>

See accompanying notes to financial statements.

Township of Williamstown

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

March 31, 2008

Total fund balances - governmental funds \$ 1,335,514

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds:

The cost of capital assets is	\$ 1,086,618
Accumulated depreciation is	<u>(135,981)</u>

Capital assets, net	950,637
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Long-term receivables are not available to pay for current period expenditures and are
therefore deferred in the funds. These consist of:

Deferred revenue	<u>25,534</u>
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Net assets of governmental activities	<u><u>\$ 2,311,685</u></u>
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See accompanying notes to financial statements.

Township of Williamstown

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

Year Ended March 31, 2008

	General	Cemetery	Total Governmental Funds
REVENUES			
Taxes	\$ 206,423	\$ -	\$ 206,423
Licenses and permits	47,263	-	47,263
Intergovernmental	335,483	12,000	347,483
Charges for services	12,236	29,167	41,403
Interest and rents	63,941	6,599	70,540
Other	16,722	111	16,833
TOTAL REVENUES	682,068	47,877	729,945
EXPENDITURES			
Current			
General government	422,815	81,792	504,607
Public safety	16,907	-	16,907
Public works	79,363	-	79,363
Community and economic development	68,624	-	68,624
Recreation and cultural	63,536	-	63,536
Other	3,123	-	3,123
TOTAL EXPENDITURES	654,368	81,792	736,160
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	27,700	(33,915)	(6,215)
OTHER FINANCING SOURCES (USES)			
Transfer in	-	26,000	26,000
Transfer out	(26,000)	-	(26,000)
TOTAL OTHER FINANCING SOURCES (USES)	(26,000)	26,000	-0-
NET CHANGE IN FUND BALANCES	1,700	(7,915)	(6,215)
Fund balances, beginning of year	1,226,895	127,406	1,354,301
Prior period adjustment	(12,572)	-	(12,572)
Fund balances, end of year	<u>\$ 1,216,023</u>	<u>\$ 119,491</u>	<u>\$ 1,335,514</u>

See accompanying notes to financial statements.

Township of Williamstown

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2008

Net change in fund balances - total governmental funds \$ (6,215)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 24,698
Depreciation expense	<u>(37,590)</u>

Excess of depreciation expense over capital outlay	<u>(12,892)</u>
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Change in net assets of governmental activities	<u><u>\$ (19,107)</u></u>
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See accompanying notes to financial statements.

Township of Williamstown
Fiduciary Fund
STATEMENT OF NET ASSETS
March 31, 2008

	Agency Fund
ASSETS	
Cash	<u>\$ 26,826</u>
LIABILITIES	
Due to others	<u>\$ 26,826</u>

See accompanying notes to financial statements.

Township of Williamstown
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Williamstown Township, Michigan was organized as a Township in 1937 under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Ingham County. The Township operates under an elected Township Board that consists of a Supervisor, Clerk, Treasurer, and four Trustees, and provides services to its residents in many areas including roads and planning.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and *Statement on Michigan Governmental Accounting and Auditing No.5*, these financial statements present all financial activities of the Township of Williamstown. The Township has no activities that would be classified as component units.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Township of Williamstown contain all the funds controlled by the Township Board.

2. Jointly Governed Organizations

The Township participates in the following activity, which is considered to be a jointly governed organization in relation to the Township due to there being no ongoing financial interest or responsibility.

Northeast Ingham Emergency Service Authority (NIESA) - The Township of Williamstown, in conjunction with the City of Williamston, Locke Township, Wheatfield Township, Leroy Township, and the Village of Webberville, entered into an agreement effective January 1, 1999 to create the NIESA to provide fire and emergency services to the constituent municipalities. The Williamston Community Fire and Ambulance Board ceased operations on December 31, 1998.

The Township has one (1) representative on the seven (7) member board. The Township and each constituent municipality levy 1.9326 mills of tax to support the operations of NIESA. The Township has no other financial responsibility.

3. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government units as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements.

Township of Williamstown
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Presentation - continued

GOVERNMENT-WIDE FINANCIAL STATEMENTS - CONTINUED

The statement of activities presents the direct functional expenses of the primary government and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the Township's individual major funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The major funds of the Township are:

- a. The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Cemetery Fund is used to account for the proceeds of specific revenue sources that are legally restricted to cemetery expenditures.

4. Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for Agency Funds since assets equal liabilities.

5. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Township of Williamstown
NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Basis of Accounting - continued

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are property taxes, special assessments, and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

Private-sector standards of accounting and financial reporting issued on December 1, 1989, generally are followed in both the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Township has elected not to follow subsequent private-sector guidance.

6. Budgets and Budgetary Accounting

The General and Cemetery Fund budgets shown as required supplementary information to the financial statements were prepared on a basis not substantially different than the basis used to reflect actual results.

The Township follows these procedures in establishing the budgetary data reflected in the required supplementary information:

- a. Prior to April 1, the budget is legally adopted on a departmental (activity) level through passage of a Board resolution. After the budget is adopted, all transfers of budgeted amounts between departments within a fund or any revisions that alter the total expenditures of a fund or activity must be approved by the Township Board.
- b. Formal budgetary integration is employed as a management control device during the year for the General Fund.
- c. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at March 31 are not carried forward to the following fiscal year.
- d. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year. Individual amendments were not material to original appropriations that are adopted.

7. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, and money market mutual fund accounts. Cash in excess of current requirements is invested in certificates of deposit and disclosed as part of the Township's investments. The certificates of deposit are classified as investments due to having an original maturity of over 90 days.

8. Property Tax

The Township of Williamstown bills and collects both its own property tax levy and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

Township of Williamstown
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE A: DESCRIPTION OF TOWNSHIP AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Property Tax - continued

Property taxes are levied twice per year. A summer tax is levied on July 1 and a winter tax is levied on December 1. The tax levies are due September 14 and February 14, respectively. All taxes not paid by their due dates are deemed delinquent. Delinquent real property taxes are turned over to the Ingham County Treasurer on March 1 of the year following the levy. The Ingham County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection. Property taxes are recognized as revenues in the period for which they are levied.

The Township is permitted to levy up to \$1 per \$1,000 of assessed valuation for general governmental service and additional amounts for debt service. For the year ended March 31, 2008, the Township levied .8465 mills for general governmental services. The total taxable value for the 2007 levy for property within the Township was \$232,964,873.

9. Capital Assets

Capital assets include buildings and equipment and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities column. Capital assets are those with an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	40 years
Equipment	5 - 15 years
Vehicles	5 - 10 years

10. Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

11. Comparative Data

Comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

Township of Williamstown

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.156 of the Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers' acceptances of United States banks.
6. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

As of March 31, 2008, the carrying amounts and the bank balances for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Regular checking	\$ 494,009	\$ 525,941
Savings and certificates of deposit	<u>853,508</u>	<u>853,508</u>
	<u>\$ 1,347,517</u>	<u>\$ 1,379,449</u>

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of March 31, 2008, the Township accounts were insured by the FDIC for \$933,464 and the amount of \$445,985 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Interest rate risk

The Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Township of Williamstown
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE B: CASH, AND CASH EQUIVALENTS - CONTINUED

Concentration of credit risk

The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying its investments by security type and institution to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

The amounts referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of March 31, 2008:

	<u>Primary Government</u>	<u>Fiduciary Fund</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 467,344	\$ 26,826	\$ 494,170
Investments	<u>853,508</u>	<u>-</u>	<u>853,508</u>
	<u>\$ 1,320,852</u>	<u>\$ 26,826</u>	<u>\$ 1,347,678</u>

The cash and cash equivalents captions on the combined balance sheet and statement of net assets include \$161 in petty cash.

NOTE C: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfer to Cemetery Fund from:	
General Fund	<u>\$ 26,000</u>

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables at March 31, 2008:

Due to General Fund from:	
Cemetery Fund	<u>\$ 448</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

NOTE E: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2008, was as follows:

Governmental activities

	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2008</u>
Capital assets not being depreciated:				
Land	\$ 403,116	\$ -	\$ -	\$ 403,116

Township of Williamstown
NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE E: CAPITAL ASSETS - CONTINUED

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
Capital assets being depreciated:				
Buildings and improvements	\$ 513,600	\$ -	\$ -	\$ 513,600
Vehicles	63,807	19,200	-	83,007
Equipment	<u>90,747</u>	<u>5,498</u>	<u>9,350</u>	<u>86,895</u>
 Total capital assets being depreciated	 668,154	 24,698	 9,350	 683,502
Less accumulated depreciation for:				
Buildings and improvements	(43,840)	(12,840)	-	(56,680)
Vehicles	(25,259)	(8,961)	-	(34,220)
Equipment	<u>(38,642)</u>	<u>(13,562)</u>	<u>(7,123)</u>	<u>(45,081)</u>
 Total accumulated depreciation	 <u>(107,741)</u>	 <u>(35,363)</u>	 <u>(7,123)</u>	 <u>(135,981)</u>
 Net capital assets being depreciated	 <u>560,413</u>	 <u>(10,665)</u>	 <u>2,227</u>	 <u>547,521</u>
 Net capital assets - governmental activities	 <u>\$ 963,529</u>	 <u>\$(10,665)</u>	 <u>\$ 2,227</u>	 <u>\$ 950,637</u>

The current year depreciation expense of \$35,363 has been adjusted by \$2,227 for the disposal of capital assets during the year, in accordance with GASB Statement No. 34 implementation guide which states that immaterial losses may be handled as an adjustment to current period's depreciation expense.

Depreciation expense was charged to the following governmental activities:

General government	\$ 37,430
Public safety	<u>160</u>
Total depreciation expense	<u>\$ 37,590</u>

NOTE F: RISK MANAGEMENT

The Township is exposed to various risks of loss including general liability, public official liability, property, auto, and workers' compensation for which the Township carries commercial insurance.

NOTE G: INTERGOVERNMENTAL AGREEMENTS

Pursuant to the provisions of Act 35 of Public Acts of 1951, the Township of Williamstown and the City of Williamston entered into a joint intergovernmental agreement on August 27, 1979. The purpose was to provide for the collection and disposal of wastewater originating in the Township.

Township of Williamstown
NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE G: INTERGOVERNMENTAL AGREEMENTS – CONTINUED

The Township paid for the construction of the sewers and had owned them until June 2000. The City agreed to treat 71,400 gallons of sanitary sewage daily and was able to bill and collect for the services it provided. Any routine maintenance was the responsibility of the City. However, the Township agreed to share in any reconstruction or major repairs to the system.

The cost of the original construction in the Township was approximately \$835,000. After Federal and State contributions, the Township borrowed \$300,000 and established a special assessment district to finance the payback. The liability has since been paid in full.

On August 11, 1987, the Township and the City added an addendum to the original agreement outlining compensation due to the City for major improvements made to the system. The Township agreed to pay 11% of the principal and interest on the \$2,600,000 1987 General Obligation Bonds issued by the City to finance the venture. The Township received credit for the debt service portion of sewer revenues the City received from the Township residents. The net payment was then financed by the General Fund.

On April 22, 1999, the Township and the City executed a settlement agreement effective April 22, 1999, which amended certain provisions of the agreement dated August 27, 1979, and amended on August 11, 1987. The settlement agreement released and discharged the Township from further debt service obligations related to the original agreement.

Pursuant to the provisions of Act 425 of Public Acts of 1984, the Township of Williamstown and the City of Williamston entered into an agreement in June 2000 to conditionally transfer property from the Township to the City in order to provide improvements including water and sanitary sewer, leaf pickup, street maintenance and repair, and storm water drainage to the transferred area. All taxes within the transferred area are to be levied and collected by the Township at normal Township millage rates. In return for the services provided to the transferred area, the Township shall pay to the City \$1,879 annually, adjusted annually by the rate of inflation set by the Consumer Price Index, not to exceed five percent in any one year and the City shall pay the Township a portion of their State revenue sharing received based on single family units within the transferred area. The term of this agreement is for fifty (50) years and may be renewed for an additional fifty (50) years with both municipal governments' written agreement.

NOTE H: FUND BALANCE DESIGNATIONS

Designated fund balance indicates that portion of the fund balance that the Township has set aside for specific purposes. The following are the fund balance reserves and designations as of March 31, 2008:

General Fund	
Designated for subsequent year's expenditures	<u>\$ 173,399</u>
Cemetery Fund	
Designated for subsequent year's expenditures	<u>\$ 52,182</u>

NOTE I: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amounts appropriated.

In the required supplementary information to the basic financial statements, the Township's budgeted expenditures in the General Fund have been shown at the functional classification level. The approved budgets of the Township have been adopted at the activity level for the General Fund and the fund level for the Special Revenue Funds.

Township of Williamstown
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE I: EXCESS OF EXPENDITURES OVER APPROPRIATIONS - CONTINUED

During the year ended March 31, 2008, the Township incurred expenditures in the General Fund and the Special Revenue Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
General government			
Building and grounds	\$ 64,924	\$ 67,647	\$ 2,723
Township office	87,719	93,006	5,287
Public works			
Drains at large	3,000	11,129	8,129
Tornado	-	9,825	9,825
Road improvements and maintenance	35,000	42,145	7,145
Community and economic development			
Planning commission	65,602	68,422	2,820
Recreational and cultural			
Park land maintenance	21,500	22,608	1,108
Cemetery Fund	78,914	81,792	2,878

NOTE J: PRIOR PERIOD ADJUSTMENT

The following prior period adjustment was made during the year, which was the result of the correction of an accounting error. This adjustment was reported as a change to beginning fund balance. The effect on operations and other affected balances for the current and prior year are as follows:

	<u>2008</u>	March 31, <u>2007</u>	<u>Description</u>
PRIMARY GOVERNMENT			
Governmental Funds			
General Fund			
Due from other funds	\$ -	\$(12,572)	To correct overstated due from other funds
Net change in fund balance	-	(12,572)	
Fund balance - beginning	(12,572)	-	

NOTE K: RESTATEMENT OF NET ASSETS

The Township has corrected an overstatement of internal balances for the governmental activities. Net assets have been restated as follows:

Governmental activities net assets as of March 31, 2007	\$ 2,343,364
Overstated internal balances	(12,572)
Restated governmental activities net assets as of March 31, 2007	<u>\$ 2,330,792</u>

REQUIRED SUPPLEMENTARY INFORMATION

Township of Williamstown

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Current tax levy	\$ 185,000	\$ 185,000	\$ 196,773	\$ 11,773
Delinquent personal property taxes	125	125	-	(125)
Trailer tax	108	108	40	(68)
Interest and penalties	3,000	3,000	3,705	705
Administrative fees	5,900	5,900	5,905	5
Total taxes	194,133	194,133	206,423	12,290
Licenses and permits				
Cable television license	18,100	18,100	20,336	2,236
Building permits	34,000	34,000	26,927	(7,073)
Total licenses and permits	52,100	52,100	47,263	(4,837)
Intergovernmental				
Sales and use tax	341,000	341,000	330,873	(10,127)
Metro act	4,700	4,700	4,610	(90)
Total intergovernmental	345,700	345,700	335,483	(10,217)
Charges for services				
Planning fees	7,500	7,500	11,951	4,451
Copies	1,200	1,200	285	(915)
Total charges for services	8,700	8,700	12,236	3,536
Interest and rents				
Interest	36,080	36,080	56,931	20,851
Rentals	5,000	5,000	7,010	2,010
Total interest and rents	41,080	41,080	63,941	22,861
Other				
Special assessments	5,025	5,025	5,032	7
Refunds and rebates	-	-	6,227	6,227
Miscellaneous	400	400	5,463	5,063
Total other	5,425	5,425	16,722	11,297
TOTAL REVENUES	647,138	647,138	682,068	34,930

Township of Williamstown

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General government				
Township board	\$ 95,030	\$ 95,030	\$ 72,043	\$ 22,987
Supervisor	43,268	43,268	41,009	2,259
Clerk	44,437	44,417	44,014	403
Board of review	2,611	2,611	2,031	580
Treasurer	49,701	49,701	48,935	766
Assessor	47,607	47,607	42,821	4,786
Elections	9,360	11,585	9,832	1,753
Building and grounds	54,924	64,924	67,647	(2,723)
Cable commission	1,550	1,550	948	602
Board of appeals	2,953	2,953	529	2,424
Township office	85,719	87,719	93,006	(5,287)
Total general government	437,160	451,365	422,815	28,550
Public safety				
Building inspection	23,720	23,720	16,907	6,813
Public works				
Drains at large	3,000	3,000	11,129	(8,129)
Tornado	-	-	9,825	(9,825)
Road improvements and maintenance	35,000	35,000	42,145	(7,145)
Recycling/transfer station	8,000	8,000	6,820	1,180
Narcotics unit	500	500	-	500
Wireless internet	70,000	70,000	8,944	61,056
Permits	1,000	1,000	500	500
Total public works	117,500	117,500	79,363	38,137
Community and economic development				
Planning commission	58,102	65,602	68,422	(2,820)
Zoning administrator	4,530	4,530	202	4,328
Total community and economic development	62,632	70,132	68,624	1,508
Recreation and cultural				
Red Cedar Association	8,000	8,000	5,890	2,110
Park land maintenance	21,000	21,500	22,608	(1,108)
Pool appropriations	10,000	10,000	10,000	-0-
Historical committee	19,000	18,500	18,038	462
Senior grant	7,000	7,000	7,000	-0-
Other	2,500	2,500	-	2,500
Total recreation and cultural	67,500	67,500	63,536	3,964

Township of Williamstown

General Fund

BUDGETARY COMPARISON SCHEDULE - CONTINUED

Year Ended March 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES - CONTINUED				
Other				
Employee insurance	\$ 8,000	\$ 8,000	\$ 3,119	\$ 4,881
Pension plan	7,300	7,300	-	7,300
Unemployment	6,000	6,000	-	6,000
Miscellaneous	2,000	2,000	4	1,996
Contingency	30,000	8,295	-	8,295
Total other	53,300	31,595	3,123	28,472
TOTAL EXPENDITURES	761,812	761,812	654,368	107,444
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(114,674)	(114,674)	27,700	142,374
OTHER FINANCING USES				
Transfer out	(26,000)	(26,000)	(26,000)	-0-
NET CHANGE IN FUND BALANCE	(140,674)	(140,674)	1,700	142,374
Fund balance, beginning of year	1,226,895	1,226,895	1,226,895	-0-
Prior period adjustment	-	-	(12,572)	(12,572)
Fund balance, end of year	<u>\$ 1,086,221</u>	<u>\$ 1,086,221</u>	<u>\$ 1,216,023</u>	<u>\$ 129,802</u>

Township of Williamstown

Cemetery

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 12,000	\$ 12,000	\$ 12,000	\$ -0-
Charges for services	26,700	26,700	29,167	2,467
Interest and rents	3,500	3,500	6,599	3,099
Other	-	-	111	111
TOTAL REVENUES	42,200	42,200	47,877	5,677
EXPENDITURES				
General government	78,914	78,914	81,792	(2,878)
EXCESS OF REVENUES (UNDER) EXPENDITURES	(36,714)	(36,714)	(33,915)	2,799
OTHER FINANCING SOURCES				
Transfer in	26,000	26,000	26,000	-0-
NET CHANGE IN FUND BALANCE	(10,714)	(10,714)	(7,915)	2,799
Fund balance, beginning of year	127,406	127,406	127,406	-0-
Fund balance, end of year	<u>\$ 116,692</u>	<u>\$ 116,692</u>	<u>\$ 119,491</u>	<u>\$ 2,799</u>

OTHER SUPPLEMENTARY INFORMATION

Township of Williamstown

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES - CONSTRUCTION CODE

Year Ended March 31, 2008

REVENUES

Licenses and permits	
Building permits	\$ 26,927
Charges for services	
Planning fees	<u>11,951</u>
Total construction code revenues	38,878

EXPENDITURES

Public safety	
Building inspection	16,907
Community and economic development	
Zoning administrator	202
Planning commission	<u>68,422</u>
Total community and economic development	<u>68,624</u>
Total construction code expenditures	<u>85,531</u>
Excess of revenues (under) expenditures	<u><u>\$ (46,653)</u></u>



Layton & Richardson, P.C.

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To the Township Board
Township of Williamstown
Williamston, Michigan

We have audited the financial statements of the Township of Williamstown for the year ended March 31, 2008, and have issued our report thereon dated August 15, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 20, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 9, 2008.

Significant Audit Findings

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township of Williamstown are described in Note one to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2008. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 15, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Township Board and management of the Township of Williamstown, and is not intended to be and should not be used by anyone other than these specified parties.

Layton & Richardson, P.C.
Certified Public Accountants

August 15, 2008
East Lansing, Michigan



Layton & Richardson, P.C.

Certified Public Accountants

To the Township Board
Township of Williamstown
Williamston, Michigan

In planning and performing our audit of the financial statements of the Township of Williamstown as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Williamstown's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

We consider the following deficiencies to be significant deficiencies in internal control.

Findings:

2008-1 – During the course of our audit, it was noted that the Township has not billed the mobile home park their annual payment per the terms of their 1993 "agreements and permit for sewer line connection." We noted that a fee has not been billed since 2005. We recommend that the Township review the agreement and bill the mobile home park in accordance with the agreement. This will increase cash flow to the Township.

2008-2 – During our audit, it was noted that some bills were being paid after the due date, resulting in late fees and interest. We recommend the Township pay their bills in a timely manner to avoid such late fees and penalties.

2008-3 – During our audit, we noted that some the outstanding checks listed on the reconciliation were over a year old. The Michigan Public Act 29 of 1995 provides that the Township report and escheat unclaimed property to the State. We recommend that the Township look at the old outstanding check list and attempt to contact the payees for payment. If they cannot be located, the Township should review the unclaimed property and escheat funds to the State of Michigan.

This communication is intended solely for the information and use of management, the Township Board and others within the Township, and is not intended to be and should not be used by anyone other than these specified parties.

Layton & Richardson, P.C.
Certified Public Accountants

August 15, 2008
East Lansing, Michigan

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